

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 COME-00 EB-11 DRC-01 RSC-01 /032 W

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R 201220Z MAR 74

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 7879

INFO AMEMBASSY NDJAMENA

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E.O. 11652: N/A

TAGS: BGEN, SU

SUBJ: TRADE ASSISTANCE: GUM ARABIC

REF: (A) STATE 53641; (B) NDJAMENA 713; BOTH NOTAL

1. SUMMARY. GUM ARABIC CORP EXPECTED ANNOUNCE DETAILS NEW MARKETING POLICY BY MARCH 24. WE ASSURED INTERESTS TRADITIONAL BUYERS HAVE BEEN CONSIDERED. SUPPLY SITUATION REMAINS UNCERTAIN WITH TOTAL PRODUCTION PROBABLY NO MORE THAN 25,000 MT AND MIDDLEMEN HOLDING OUT FOR HIGHER PRICES. END SUMMARY.

2. BASED ON EMBASSY CONTACTS WITH GUM ARABIC CORP (GAC) BOTH IN WAKE VISIT LAUER/FLOWERMAN (THEIR SCHEDULE PREVENTED DEBRIEFING PRIOR DEPARTURE), AND MARCH 20 IN LIGHT REF A, IT APPEARS THAT GAC/GOS DOES PLAN TO TAKE SOME, AS YET UNSPECIFIED STEPS, TO INSURE INTERESTS OF TRADITIONAL BUYERS ARE PROTECTED. EQUALLY IMPORTANT, GAC MANAGING DIRECTOR, OSMAN HASSAN, TELLS US ANNOUNCEMENT OF DETAILS MARKETING POLICY EXPECTED WITHIN NEXT TWO TO THREE DAYS. HASSAN WOULD NOT REVEAL DETAILS BEYOND STATEMENT THAT INTERESTS OF TRADITION/ BUYERS "HAVE BEEN CONSIDERED," BUT HAS PROMISED US EARLY NOTIFICATION.

3. RE CONCERNS OF MEAD CORP, EMBASSY BELIEVES AT THIS POINT IS BEST TO AWAIT POLICY ANNOUNCEMENT. WE BELIEVE THAT VISITS OF LAUER/FLOWERMAN (WHO NOT ONLY SAW LIMITED OFFICIAL USE

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GAC BUT ALSO UNDER SECRETARY MINISTRY FINANCE AND

NATIONAL ECONOMY) AS WELL AS A SIMILAR VISIT FROM
AT LEAST ONE OTHER AMERICAN (J.W. JACOB, MALLINCKRODT
CHEMICAL WORKS, ST. LOUIS HERE MARCH 15) AND NUMBER
EUROPEAN BUYERS, HAVE MADE POINTS AS
CONCERNS TRADITIONAL
BUYERS. WE CANNOT GUARANTEE THAT THESE CONCERNS WILL
BE FULLY SATISFIED, BUT WE DOUBT MUCH MORE CAN BE DONE.

4. RE SUPPLY SITUATION, EMB SUDANESE EMPLOYEE RECENTLY
COMPLETED TRIP TO GUM PRODUCING AREAS (FULL REPORT WILL
BE POUCHED NEAR FUTURE). SUPPLIERS NOW PROJECTED AT NO
MORE THAN 25,000 MT AND PERHAPS AS LITTLE AS 20,000 MT.
NEW INTERNAL PRICE STRUCTURE IS WORKING TO EXTENT
PROMPTING PICKEI TO GATHER GUM, BUT MIDDLEMEN APPEAR
BE CONVINCED GAC WILL HAVE TO RAISE ITS PRICE TO THEM.
THEY ARE PAYING SUBSTANTIALLY ABOVE PRESCRIBED MINIMUM
(LS 11.38 PER KANTAR VS LS 10.00) AND SIMPLY STORING GUM,
NOT MOVING IT TO PORT SUDAN. THUS GAC IMPENDING
ANNOUNCEMENT MAY BE INTERESTING IN ITS RESPONSE TO
THIS SITUATION AS WELL.

5. FOR NDJAMENA: PLEASE INFORM LICHTENSTEIN THAT HIS
MESSAGE PASSED TO HASSAN, BUT THERE WAS LITTLE REACTION.
YOU MAY, OF COURSE, PASS ON TO LICHTENSTEIN POINTS PARA 2
RE STATUS GAC DECISION ON MARKETING POLICY.
BREWER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KHARTO00620
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740059-1168
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740330/aaaabbkq.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 53641; (B) NDJAMENA 713; B, OTH NOTAL
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2002 by elyme>; APPROVED <05-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRADE ASSISTANCE: GUM ARABIC
TAGS: BGEN, SU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005